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FM AMEMBASSY HARARE

TO RUEHC/SECSTATE WASHDC 3730

RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE

RUEHUJA/AMEMBASSY ABUJA 2129

RUEHAR/AMEMBASSY ACCRA 2457

RUEHDS/AMEMBASSY ADDIS ABABA 2575

RUEHRL/AMEMBASSY BERLIN 1075

RUEHBY/AMEMBASSY CANBERRA 1851

RUEHDK/AMEMBASSY DAKAR 2206

RUEHKM/AMEMBASSY KAMPALA 2631

RUEHNR/AMEMBASSY NAIROBI 5059

RUEHGV/USMISSION GENEVA 1723

RHEHAAA/NSC WASHDC

RHMFIISS/EUCOM POLAD VAIHINGEN GE

RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK

RHEFDIA/DIA WASHDC

RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 001040

SIPDIS

AF/S FOR B. WALCH

ADDIS ABABA FOR USAU

ADDIS ABABA FOR ACSS

NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN

TREASURY FOR D. PETERS

STATE PASS TO USAID FOR L.DOBINNS AND E.LOKEN

COMMERCE FOR BECKY ERKUL

E.O.12958: N/A

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SUBJECT: ZIM NOTES 11-21-2008

[1.](#) SUMMARY

Topics of the week:

- Still No Political Progress
- Health System Collapses
- While Cholera Crisis Continues
- Over 700 Doctors and Nurses Protest
- Biti Still Faces Treason Charges
- Tsvangirai's Travels Could Land Him in Jail
- Freedom Defenders win awards
- Reserve Bank of Zimbabwe Reads Riot Act to Zimbabwe Stock Exchange
- Dollarization Gathers Momentum
- Old Mutual Shares Used to Secure Electricity Imports
- Foreign Currency Shops Disappoint
- Quote of the Week

[2.](#) Price Movements-Exchange Rate and Selected products

Parallel rate for cash shot up to Z\$1,000,000:US\$1

Check rate is steady at Z\$20 quadrillion:US\$1 against inter-bank average of Z\$25,593:US\$1 (NOTE: Due to the suspension of the Real-Time Gross Settlement system by the Reserve Bank of Zimbabwe on October 3, Post will now be reporting on the unofficial check transfer rate that individuals and entities are using to make non-cash payments. END NOTE.)

Bread on the parallel market tripled to Z\$1,500,000

Sugar rose to Z\$3,000,000/2kg

Petrol and diesel rose slightly to Z\$1,200,000/liter

¶3. Still No Political Progress... In the wake of the SADC summit last week, MDC leader Morgan Tsvangirai has been visiting European leaders to press his case and encourage humanitarian assistance. Meanwhile, the GOZ has drafted Constitutional Amendment 19 that will legally reflect the terms of the September 15 signed power-sharing agreement. Press reports revealed that a draft of the amendment has been provided to mediator Thabo Mbeki. The MDC-T has made clear they will not join a new government until all their concerns - that were not deliberated at the summit - are addressed. See Harare 1037 and Harare 1034.

¶4. Health System Collapses... Once a model for sub-Saharan Africa, the Zimbabwean public health system has ceased to function. All three of Harare's public hospitals are closed, church-related hospitals struggle to absorb patients fleeing Harare to seek care in rural areas, and even private clinics struggle to maintain supplies and staff. For a detailed description of the collapse, see Harare ¶1039.

¶5. While Cholera Crisis Continues... Outbreaks continue in two Harare-area locations while a new upsurge with potentially widespread consequences is occurring in Beitbridge, the border post with South Africa. UNICEF reported 1,244 confirmed and 2,590 unconfirmed cases, with a total of 194 confirmed cholera deaths as of November 18. Medecins Sans Frontieres (MSF) estimated that up to

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1.4 million people are at risk if cholera continues to spread unchecked across Zimbabwe. The humanitarian community is responding with water, sanitation, and hygiene initiatives in outbreak areas, but a collapsing healthcare system has lead to uncommonly high case-fatality rates.

¶6. Over 700 Doctors and Nurses Protest... Hundreds of medical professionals attempted to march from Parirenyatwa Hospital to the Ministry of Health to present demands for medication and supplies in hospitals and living wages for health workers on November 18. Around 70 riot police armed with tear gas and batons arrived at the hospital and prevented protesters from leaving the parking lot. After several hours, riot police violently disrupted the protest, beating some health workers; fortunately, no one was seriously injured or arrested.

¶7. Biti Still Faces Treason Charges... On November 18, a court dropped two of the four charges facing MDC Secretary General and MP for Harare East Tendai Biti. Charges of Qinsulting the president and Qcausing disaffection to the armed forcesQ were dropped. Biti still faces treason charges and charges related to Qmaking statements likely to cause public disorder.Q His next hearing will be on December 4.

¶8. Tsvangirai's Travels Could Land Him In Jail... Morgan Tsvangirai continues to travel using an Emergency Travel Document (ETD) while he awaits a passport. Although his current ETD limits his travel to South Africa and Swaziland, Tsvangirai made arrangements with European leaders to travel to the EU without a passport. Now, the Zimbabwean government is reportedly furious that the South Africans allowed him to fly to Europe. Local press speculation is that if he violated Zimbabwean laws he will be arrested upon his return to Zimbabwe.

¶9. Freedom Defenders win awards... Zimbabwe Lawyers for Human Rights (ZLHR) is the winner of the Rights & Democracy 2008 John Humphrey Freedom Award in recognition of its courageous pursuit of justice for victims of human rights abuses inside Zimbabwe. Women of Zimbabwe Arise won Amnesty International GermanyQs Human Rights Award. Jenni Williams and Magodonga Mahlangu, who are still on bail, were granted permission to travel to Germany to receive the award. In New York, Lawyer Beatrice Mtetwa received the Committee to Protect JournalistQs Lifetime Achievement Award. Mtetwa has

represented numerous journalists, including New York Times reporter Barry Bearak when he was arrested in Zimbabwe earlier this year.

On the Economic and Business Front

¶10. Reserve Bank of Zimbabwe (RBZ) Reads Riot Act to Zimbabwe Stock Exchange (ZSE)... The RBZ issued a stern warning to the ZSE for its role in processing bad checks worth up to Z\$40 sextillion (US\$2 million at the current check rate). The RBZ directed that anyone who failed to settle at the end of the day would have their accounts closed and their trading privileges revoked. Consequently, activity on the ZSE dropped dramatically with the industrial index falling by 58.2 percent on November 19.

¶11. Dollarization Gathers Momentum... One of the largest fast food chains in the country is now accepting payment for meals in fuel coupons which are convertible into foreign currency. The food chain joins a growing list of companies and private schools that demand payment for goods and services in coupons. In a related development, the state-owned Zimbabwe Newspapers Group no longer accepts personal or bank checks for payment of subscriptions. Only bulk subscriptions for companies are still payable in checks. However, ordinary subscriptions are still open to those willing to pay US\$10 per

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month.

¶12. Old Mutual Shares Used to Secure Electricity Imports... The local press reports that Old Mutual shares, which are registered on the ZSE, the Johannesburg Stock Exchange (JSE) and the London Stock Exchange (LSE), are being used as collateral for South African electricity imports. The RBZ buys shares on the ZSE and transfers them to the JSE where they are held in the pension fund of South African utility company Eskom.

¶13. Foreign Currency Shops Disappoint... Early signs indicate that the forex licenses sold to some local shops have not generated enough foreign currency income for retailers. Consequently, manufacturers are still not generating enough forex to improve their low capacity utilization rates. The prices of forex-priced goods have not come down either, while shelves dedicated to selling basic goods (such as bread) in local currency are empty, leaving the majority of Zimbabweans without options.

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